

**WASHINGTON STATE OFFICE OF  
MINORITY AND WOMEN'S BUSINESS ENTERPRISES**

**FUND 453  
OFFICE OF MINORITY & WOMEN'S BUSINESS ENTERPRISES ACCOUNT  
BUSINESS PLAN  
2005-2007 BIENNium**



**CAROLYN CROWSON, C.P.M.  
DIRECTOR  
MAY 10, 2004**

## **TABLE OF CONTENTS**

Executive Summary .....	2
Business Description.....	3
Marketing Plan.....	5
Operational Production Plan .....	10
Performance Assessment .....	15
Strategic Assessment .....	16
Value Chain .....	17
Distribution of Certified Firms – Table .....	18
Certified Firms Doing Business with the State – Chart.....	19
State of Washington Expenditures with WBEs (Compared to Participation Base) – Chart.....	20
State of Washington Expenditures with WBEs – Chart .....	21
State of Washington Expenditures with MBEs (Compared to Participation Base) – Chart.....	22
State of Washington Expenditures with MBEs – Chart.....	23

## **EXECUTIVE SUMMARY**

### **Agency Mission**

The Office of Minority and Women's Business Enterprises (OMWBE) helps create and sustain an equitable business environment by promoting the participation, in public contracting and procurement, of all qualified and available businesses owned and controlled by minorities, women and all others who may be socially and economically disadvantaged.

### **Agency Vision Statement**

Washington's economic vitality is enhanced by businesses owned and operated by people in all walks of life. Public contracting and procurement in the state mitigates against the effects of race and gender discrimination and promotes the development and growth of businesses owned and operated by all people who may be socially and economically disadvantaged, including women and minorities.

### **Statutory Authority**

OMWBE was created and empowered by Chapter 512, Washington Laws, 1983, which is codified in Chapter 39.19 of the Revised Code of Washington. The rules by which OMWBE exercises its authority are set forth in Title 326 of the Washington Administrative Code.

### **Background**

By serving the community of small businesses owned by ethnic minorities, women, and socially and economically disadvantaged persons, the Office of Minority and Women's Business Enterprises has a direct impact on Washington State's economy.

- Minority and women-owned businesses account for almost 41 percent of all Washington businesses and they employ more than one-quarter of a million residents.
- Certified minority and women-owned businesses participating in the Linked Deposit Loan Program added an average of seven employees per firm, increased their net worth an average of \$88,000, and increased their accounts receivable by an average of more than \$660,000. Each of these indicators corresponds to greater state tax revenue and lower unemployment.
- Businesses owned by people who are minorities, women, or socially and economically disadvantaged can receive services from OMWBE. The agency provided business development services to more than 1,000 Washington businesses in Fiscal Year 2003.
- Strategic partnerships with the private sector have increased the agency's ability to serve certified firms without increasing costs.
- OMWBE has implemented cost reduction strategies that will save almost \$148,000.

## **BUSINESS DESCRIPTION**

### **Market Niche**

The agency's market niche is to provide services to improve the contributions of certified minority, women, and socially and economically disadvantaged small businesses to the Washington State economy. Small businesses have been defined by the U.S. Small Business Administration and DBE program size standards using average gross revenues or average number of employees by industry.

### **Services**

OMWBE provides services in the following areas:

#### **Business Development Services**

OMWBE's business development services build capacity and helps qualified certified firms to compete and obtain public and private sector contracts.

#### **Certification Services**

OMWBE's certification services provide a pool of small businesses that have been verified as being owned and controlled by minority, women, or socially and economically disadvantaged persons according to eligibility rules defined by the state of Washington and the U.S. Department of Transportation's Disadvantaged Business Enterprise (DBE) Program.

#### **Agency Technical Assistance**

OMWBE provides consulting services to agency management, procurement, and contracting staff in the deployment of best practice strategies for inclusion of certified firms in public sector contracting and procurement. These services include buyer training, plan development, outreach, sourcing, monitoring, dispute resolution, and reporting of participation. These services are also provided to general contractors, prime suppliers, and local jurisdictions that request our assistance in improving their participation.

The nature of OMWBE's business product and/or services is as follows:

#### **Business Development Services**

OMWBE's business development services are comprised of classroom training, one-on-one consultations, and Internet based financial management tools for certified firms.

#### **Certification Services**

OMWBE's certification services include analysis of potentially eligible firms, written verification of status, and an electronic, searchable directory of certified firms.

#### **Agency Technical Assistance**

OMWBE's agency technical assistance is comprised of classroom training, one-on-one consultations, review of MWBE plans, goal setting, availability reviews, potential vendor

lists, participation reports, and dispute resolution assistance. An automated tool is available in the Contract Management and Tracking System (CMATS).

OMWBE's services are provided as follows:

Determinations of eligibility are provided to firms in written letter. Certification staff review applications and supporting documents to determine ownership, control, size, independence, and capacity or commercially usefully function.

Certified firms are listed on the [www.omwbe.wa.gov](http://www.omwbe.wa.gov) in the BIZNET link.

Contract Management and Tracking System (CMATS) provides a number of automated services for contracting and procurement staff such as availability studies, subcontract tracking and reporting, federal government reporting, etc.

OMWBE has professional staff that provide 40 hours per week "hot line" support for the general public.

OMWBE has professional Agency Support staff available to work with contracting staff, prime suppliers and general contractors to design and implement effective supplier diversity strategies into the procurement and subcontracting process.

OMWBE has professional Business Development Support staff, consultants and trainers available to deliver a variety of technical services to certified firms to improve their marketing, management and financial viability.

OMWBE has professional staff and consultants to provide training in Supplier Diversity Best Practices for procurement and contracting officers.

## **MARKETING PLAN**

OMWBE is uniquely qualified to provide services to the market:

### **Certification**

OMWBE is the only government agency in the state of Washington to provide DBE certification. Maintenance of this certification program is required for Washington State to obtain federal transportation funding for federally assisted heavy and highway construction projects. OMWBE is the designated Uniform Certification Program (UCP) recipient that has resulted in federal DBE compliance.

In accordance with RCW 39.19, OMWBE is the sole certification entity for the state of Washington for minority, women, and socially and economically disadvantaged small businesses.

The National Minority Supplier Development Council through its Northwest Minority Business Council (NMBC) provides national certification to ethnic minority firms. The Women's Business Enterprise National Council (WBENC) through its local affiliate Astra International certifies women-owned businesses. To reduce paperwork for the firms, OMWBE accepts the certification application from NMBC and WBENC as one of the documents needed for state certification. NMBC and WBENC certification have no size standards and therefore have many firms who do not meet the small business size standard. OMWBE certification is less expensive than NMBC and WBENC certification and is more suited to local Washington firms who do not need national certification. Most private sector corporations recognize OMWBE certification as part of their Supplier Diversity program; including Microsoft, Starbucks, Washington Mutual, Bank of America, etc.

U.S. Small Business Administration offers federal certifications: 8(a) program, small disadvantaged business (SDB) program, HUB Zone, and self-identification registration for women-owned business enterprises and disabled veterans owned businesses. Currently in Washington State, SBA refers all women-owned business enterprise to OMWBE for certification. Both 8(a) and SDB programs are presumptive only for ethnic minorities. HUB Zone is a geographic based program for businesses located in the most economically distressed areas within a state. Since Washington currently has a high unemployment rate, very few locations currently qualify for HUB Zone.

### **Agency Technical Support Services**

Agency Support Services and training in supplier diversity is available from private professional services firms and from other private sector professionals in the field. Many of these professionals do not have the expertise in public sector contracting to tailor these services to the laws and regulations surrounding state contracting including I-200. In addition, their fees begin at \$130/hour.

### **Business Development Services**

Other private and public sector entities provide technical assistance and training to small businesses. For example, the U.S. Small Business Administration, SCORE (Service Corps of

Fund 453 Business Plan

Office of Minority & Women's Business Enterprises Account

Page 5

Retired Business Executives), Small Business Development Centers, Procurement and Technical Assistance Centers (PTACs), processors of federally-guaranteed loans (e.g., Community Capital Development, Evergreen Development Association), and non-profits (e.g., William Factory and Metropolitan Development Council). The training is often a condition of qualifying for specific federally supported financing or a particular solicitation. However, some of these entities do not assist start-up businesses. Moreover, the training is often nonspecific and/or ceases after the firm obtains the financing or is not awarded the opportunity. Regardless, with the reduction in funding at the federal level for entities themselves, the availability of this training is likely to be greatly reduced in the future. For example, the SBA's three Business Information Centers in Washington are not scheduled for federal funding in the next federal budget. Private sector groups, such as Associated General Contractors offer training (for a fee) to their members and a limited number of scholarships to businesses through their non-profit affiliates. Small businesses have typically not been able to afford or access this training.

OMWBE's business development training is unique in that it is customized to the firm's own business plan, focusing particularly on the firm's needs for bonding and conforming financing during its life cycles. Firms learn how to develop and maintain the sustained relationships they will need in order to compete in their market arena.

OMWBE, in conjunction with the Office of the State Treasurer and the Department of Community, Trade, and Economic Development administers the Washington State Linked Deposit Program ("Program"). Given the State's constitutional prohibition on the lending of its credit, the Program is the only state-funded business financing program. It is the only state-administered financing program directed at minority and women's business enterprises, and is the only state-administered financing program with the stated goal of improving access to capital for M/WBEs.

The Program allows OMWBE certified firms to receive a two percent interest rate reduction on their business loans for loans carried by participating certificated public depositories. Since the Program's inception in 1993, 332 certified firms have received the Linked Deposit benefit on over \$141 million in business loans. Since 1998, over 4,000 jobs have been created or retained, either directly or indirectly, by firms participating in the Program. The Program is recognized as a valuable and highly sought after benefit by certified firms, and participating lenders actively utilize the Program to diversify their customer base.

#### Target Market

The target market for OMWBE are Washington State based minority, women, and socially and economically disadvantaged persons who own small business enterprises and meet the eligibility criteria of ownership, control, size, independence, and capacity or commercially usefully function.

Public contracts for which these firms can compete are controlled and managed by public agency buyers, contracting officers, general contractors, and major suppliers.

### Marketing Plan

OMWBE's marketing plans need to be revisited and updated due to changes in management and processes. This is included in the strategic plan.

### Benefits and Features of OMWBE Services

OMWBE's services have many benefits and features, including:

#### **Certification:**

DBE Certification provides opportunities for firms to compete for federally funded highway, aviation, transit construction projects and airport concessionaires. These contracts require race conscious or race neutral goals.

Private sector corporations as part of their Supplier Diversity programs recognize Washington State Certification.

State Certification is recognized by local jurisdictions, and state agencies as counting towards laudatory goals and can provide businesses with bid opportunities at both the direct and subcontract levels.

Certification allows firms to apply for services such as Business Support Services and the Linked Deposit Loan Program.

Both State and DBE certification is the least costly of the certifications offered for firms.

#### **Business Development Services:**

Business Development Services provides free or reduced cost consulting and training to business owners and their management.

Business owners are better able to qualify for SBA, Linked Deposit, and other small business lending programs if their financial management is in compliance with standard accounting practices and business management strategies.

Marketing and sales training is helpful to business owners and their staff to help them make the best use of their time in planning and executing a sales strategy.

#### **Agency Technical Services:**

Assists buyers and their management in the successful deployment of supplier diversity best practices without violating I-200 or Fair Contracting rules.

Agency Technical Assistance also increases procurement opportunities for small businesses through "right sizing" contracts and sub contracts.

The development of MWBE plans and goal setting tailors supplier diversity to the type of contract and availability of firms. This helps procurement staff and contracting professionals to be successful and meet laudatory goals.



### Sales or Demand Forecast

OMWBE's workload increases both when the economy is vibrant and when it is stagnant. In good economic times, the state spends more money – especially on capital improvements. Businesses apply for certification to increase their likelihood of securing public works contracts. In a slow economy, many workers are unable to secure outside employment and instead decide to start their own business. These new business owners request business support services and apply for certification because they believe these services are a key component for their success and will increase the probability their new company will be able to secure government contracts.

### **Business Development Services:**

The nationwide recession that started in 2001 has disproportionately affected Washington State and has resulted in a significantly increased workload for OMWBE. In FY 2002, OMWBE provided assistance and business services to 589 firms; in FY 2003, this number increased to 1,239. OMWBE staff also conducted 35 training workshops for 414 businesspersons in FY 2002; in FY 2003, the agency conducted 105 trainings workshops for 1,006 businesspersons. FY 2004 levels are expected to exceed FY 2003.

Business support services requests and certification application rates are expected to remain relatively steady throughout the 2005-2007 biennium. However, a new economic downturn could cause the agency's workload to increase even further during the biennium.

### **Certification Services:**

The total number of firms certified in FY 2002 and FY 2003 was 2,184 and 2,525, respectively, a net increase of 15.6%. The number of certified firms in each ethnic group increased during FY 2003. (See Distribution of Certified Firms by Ethnicity/Gender.) Due to the current and forecasted budget environment, OMWBE has instituted a new fee schedule for certification applications. Therefore, it is difficult to forecast the number of certified firms for FY 2005 - FY 2007.

The number of firms requesting certification has also increased significantly since the start of the recession. The agency received 830 certification applications in FY 1999, this number increased to 1,013 in FY 2000; 1,093 in FY 2001; 1,651 in FY 2002; and 1,660 in FY 2003 (a 100 percent increase over 2001 levels). FY 2004 levels are expected to be similar to or even higher than FY 2003.

### **Agency Technical Support:**

State agencies' utilization of certified firms has continued to decrease for both minority and women-owned firms since 1998. FY 2003 utilization was at 2% of the statewide expenditure base. This translates into approximately \$48 million in expenditures to certified firms. New and continuing strategies to assist state agencies are being employed to mitigate against further declines. (See State of Washington Expenditures with WBEs and MBEs and attached historical trends).

### Key Changes in Market Trends or Opportunities

OMWBE has identified the following key changes in market trends or opportunities:

Fund 453 Business Plan

Office of Minority & Women's Business Enterprises Account

Page 8

- Almost 41 percent of all Washington State businesses are owned by minorities or women (14.6 percent minority, 26 percent women). Source: US Census Bureau.
- More than 250,000 Washingtonians are employed by businesses owned by minorities or women (89,745 by minority firms, 139,032 by women firms). Source: US Census Bureau.
- The Center for Women's Business Research indicates that in 1997 there were 20,854 Women Owned Businesses in Washington classified as employer firms. They estimate that in 2004 there will be a 78% increase of these firms to 37,110.
- Minority firms contribute more than \$30 billion in sales and \$5 billion in payroll annually to Washington's economy. Source: UW Business School "Small Business Growth Opportunities in Washington."
- Minority-owned firms growth rate far exceed fiscal growth factor – number of minority firms growing 13.6 percent per year; number of minority firms with employees growing 20.12 percent per year. Source: US Census Bureau.
- Firms receiving assistance from OMWBE grew 110 percent from FY 2002 to FY 2003. Number of business people receiving training grew 143 percent from FY 2002 to FY 2003.
- Firms requesting certification growing steadily: 22 percent increase in FY 2000; 8 percent increase in FY 2001; 51 percent increase in FY 2002; and 1 percent increase in FY 2003.
- Firms maintaining certification growing: 340 percent increase in FY 2000; 24 percent increase in FY 2001; and 67 percent increase in FY 2002. FY 2003 saw a small drop of 12.7 percent.

## **OPERATIONAL PRODUCTION PLAN**

### **Facilities Assessment**

The current facility in Olympia is sufficient to maintain current operations. OMWBE shares office space with the SBA in Tacoma and Seattle.

### **Key Equipment and Technology Requirements (separate from IT portfolio)**

Current equipment and technology requirements are satisfactory. In 2006 the Personal Computers will need to be replaced.

### **Labor Requirements**

The full deployment of CMATS may require an administrator to assist new users with the use of the system and provide additional training.

### **Management Requirements**

A senior level administrator may be needed to provide additional Leadership with Agency Technical Assistance, Grant Proposals and Grant Management.

### **Key Supplies Requirements**

No additional requirement at this time.

### **Shipping/Transportation Requirements**

No additional requirements at this time.

### **Quality Control Requirements**

New quality control requirements will be defined with revised processes.

### **Special Workforce Plans/Programs**

OMWBE continues to be a national leader for DBE certification. Continued training in this DBE Certification and Fraud prevention is required to maintain staff proficiency.

### **Outline of Daily Operations**

Daily operations consist of general certification activities and directory updates, agency support activities, and technical assistance to the general public, state agencies, and local jurisdictions.

### **Significant Changes, Challenges, or Opportunities Related to Business Operations**

#### **Public Perception and Expectations**

Despite OMWBE's continued targeted outreach and education efforts, many Washington State residents continue to hold misperceptions about the impact of Initiative 200 (passed in 1998 and codified under RCW 49.60.400).

Because of this misperception, many certified firms allowed their certification to be removed. Immediately after I-200's passage, the number of certified firms dropped by approximately one-third. By the end of the first three-year certification cycle following I-200's passage, the number of certified firms had dropped by more than 50 percent.

OMWBE has devoted significant staff time to educating firms and increasing the number of certified firms available. By the end of FY 2003, these efforts resulted in an almost 16 percent rebound in the number of certified firms.

OMWBE also continues to devote significant staff time to educating state procurement officers, prime contractors, potential applicants, and the general public as to OMWBE's mission and what practices are permitted or prohibited by the passage of I-200. By correcting common misperceptions, fewer firms mistakenly allow their certifications to lapse. In FY 1999, only 106 certified firms renewed their certification; OMWBE's efforts increased this number to 520 for FY 2000; 647 in FY 2001; 1,078 in FY 2002; and 941 in FY 2003.

OMWBE will continue its outreach and education efforts related to I-200 and will continue to increase the number of qualified certified firms available to perform on public contracting and procurement opportunities.

### **Changes in Washington State's Ethnic Makeup**

According to U.S. Census Bureau data, the ethnic makeup of Washington's citizens is changing. Minority groups (including Hispanics of all races) currently account for more than 20 percent of Washington's population. Of residents who identify themselves as a single race, Hispanics are the fastest growing population in Washington, followed by Asian and Pacific Islanders, and African Americans. The percentage of Washington residents who consider themselves "white" and not of Hispanic heritage has fallen significantly over the last decade.

The U.S. Census Bureau data also reveals that the Native American proportion of the Washington State population has fallen slightly over the past decade. The Governor's Office of Indian Affairs reports Washington has 29 federally recognized tribes. However, two other tribes (the Chinook and Duwamish Tribes) have applied for and are currently pending federal recognition; six other tribes have requested inclusion on the Washington State Tribal Directory.

Based on Census Bureau data, Washington's minority population is projected to increase at a rate exceeding that of the current fiscal growth factor. From July 1, 2000 through July 1, 2005, Washington's minority population is expected to increase 16.72 percent, or 3.34 percent per year. Over the next twenty years, Washington's minority population is predicted to increase 63.52 percent, or approximately 3.18 percent per year.

As the number of minorities increases, the number of businesses owned by minorities also increases. The U.S. Census Bureau reports that in 1982, 6.8 percent of businesses were owned by minorities. That percentage has grown steadily: in 1987, 9.3 percent of businesses were owned by minorities; in 1992 – 12.5 percent; and in 1997, minorities owned 14.6 percent of all businesses. This increase corresponds to the increase in firms requesting business services and certification from the agency.

## **Women in Business**

Although their representation in the population remains stable, women's role in the economy continues to grow. The U.S. Census Bureau reports that women-owned businesses currently account for approximately 26 percent of all businesses and approximately one-third of all sole proprietorships. However, only 4 percent of employers are women-owned businesses and of those, more than 60 percent employed fewer than 5 people. Washington women-owned businesses had 139,032 employees in 1997.

By providing business services and certification to women-owned firms, OMWBE helps these businesses to grow and expand. As they do, they will contribute even more to Washington's economy.

## **Expanded Customer Base**

In addition to businesses owned by minorities and women, OMWBE also provides services to other businesses owned by disadvantaged owners. In accordance with the legislature's instructions in SJM 8015 and the agency's statutory authority (RCW 39.19.120), OMWBE has added a new status for disadvantaged business owners who are not women or minorities. Business owners who are disabled may now apply for business services and certification from OMWBE.

OMWBE will also assist the Department of General Administration's (GA) "Vendor In Good Standing" program pursuant to SHB 1813, a bill designed to expand employment opportunities for people with disabilities. Although the agency will not receive any Fee-for-Service funds from GA for its work pursuant to this bill, OMWBE will provide certification services to firms that apply for recognition as a Vendor in Good Standing.

## **Emphasis on Contracting and Procurement Accountability**

Accountability and fraud prevention are issues that have been emphasized by the Washington State Legislature and the U.S. Department of Transportation. OMWBE's methods and workload are affected by both these efforts.

The Washington State Legislature has recently emphasized increasing government accountability, decreasing government waste, and preventing unnecessary financial liability. OMWBE has made significant efforts to further the Legislature's intent by implementing the Contract Monitoring and Tracking System (CMATS). OMWBE will continue expanding the number of state agencies, educational institutions, and local jurisdictions utilizing this tool to prevent contract and procurement irregularities and decrease wasteful government spending. CMATS can also be used by state agencies and local jurisdictions to locate firms, conduct availability studies, and track subcontracting. Expanded use of this system will allow the state improved reporting and compliance with federal and state contracting plans.

The U.S. Department of Transportation has also placed an emphasis on contract and procurement fraud, especially as it applies to the DBE program. As the sole certifying entity for Washington State DBEs, OMWBE has made significant progress in detecting

DBE certification fraud attempts. OMWBE has become a nationwide leader in its efforts to detect and prevent DBE certification fraud and the resulting waste of taxpayer dollars on transportation public works projects. OMWBE will continue to lead the country in this area and serve as a model for other jurisdictions.

### **Changes in State Vendor Identification and Procurement Methods**

Washington State's commitment to web-based vendor identification and procurement systems represents an efficient and sound business practice in the new millennium. To assist this practice, OMWBE has deployed a web-based application that facilitates the identification of potential contractors and vendors for public and private sector buyers. OMWBE also uses the system to provide greater assistance to state agencies and institutions in targeting their outreach without increasing administrative costs.

### **Access to Capital**

Since its inception in 1993, the Linked Deposit Program has funded interest rate reductions for 332 certified firms on \$141 million of business loans. The Linked Deposit Program has proven popular with certified firms and is a proven attraction to state certification for potentially certifiable firms. The Program is authorized until June 30, 2007, and OMWBE continues to work closely with the Office of the State Treasurer (OST) and the Department of Community, Trade, and Economic Development (CTED) to administer this valuable program.

Unfortunately, the Linked Deposit Program does not adequately address key issues identified in its authorizing statute. The program does not alter lending criteria for participating banks, nor does it require that the banks report on their lending decision process. In addition, the availability of funds has decreased as more certified firms have used the Program to finance their larger deals. Therefore, OMWBE will be working closely with OST and CTED to explore possible administrative rule and statutory changes to make the Program more responsive to a greater share of certified firms.

In an effort to explore innovative methods for increasing the availability of capital to certified firms, OMWBE will partner with the financial and banking community during the 2005-2007 biennium to launch a privately funded program to make available "mezzanine financing" to qualified firms. Such a program will allow OMWBE to pioneer state government efforts in addressing and partially mitigating a key barrier to small business growth and expansion.

### **Operational Strategy**

Evolution of the agency's operational strategy has resulted in a realignment of OMWBE's operating divisions and efforts. OMWBE now has three divisions: certification, agency support and business development, and information services. The shift from a "compliance" division to an "agency support and business development" division reflects the agency's fundamental shift to a focus on how OMWBE can assist state agencies in their efforts to not discriminate in their contracting activities. It also reflects the agency's recognition that certified firms play a significant role in the state's economy and that assisting firms to develop their businesses and

expand their ability to perform on public works and procurement contracts is the best way to benefit both the firm and the state as a whole.

#### Labor Requirements

OMWBE's program specialists and specific managers have the specialized skill set needed to implement the external components of this strategic plan. Specialists and specific managers are required to have a background in such diverse areas as business administration and operations, public administration, accounting, business and tax law, public relations, construction, public contracting and procurement, and common business practices in transportation-related industries.

#### Technology Strategies

OMWBE's technology strategy is focused on providing sufficient internal technological resources to meet our customer's needs. The agency will continue to expand the deployment of CMATS to assist state agencies and local jurisdictions in identifying certified firms in the marketplace of available vendors and will also continue to provide database vendor searches for prime contractors. OMWBE's certification division will expand their use of technological resources to detect and prevent certification fraud.

## **PERFORMANCE ASSESSMENT**

Upon review of OMWBE's most recent performance measure information, performance measures were linked to two goals of agency concern: 1) maximizing opportunities for certified firms to do business in public sector contracting and procurement, and 2) increasing the effectiveness and efficiencies of the certification programs.

OMWBE's similar organizations performing business development are limited to a few non-profits providing business assistance, the U.S. Small Business Administration (SBA), and state and local agencies in other states. Those states and local jurisdictions that have mandatory goal programs for public contracting and procurement for minority and women's business enterprises have been able to obtain their overall goals, unlike Washington State. Few states have had their mandatory goal programs derailed through legislation or initiatives; those that have, like Washington, have seen dramatic declines in the utilization of minority and women-owned certified firms without complete recovery. Actual performance of state agencies reaching their M/WBE goals is different than expected. However, the current setting of performance measures based on agency activities and new strategies concerning OMWBE influence should close performance gaps, resulting in new performance improvement opportunities for the next biennium.

Although there was some redesign of the certification process, it was not sufficient to address the increase of applications the Office received and the reduction of staff. As a result, progress toward reaching the performance target was stymied and no further progress had been reached. During the last half of the 2003 fiscal year, a complete redesign of the new application certification process was completed and implemented based on current reduced staffing. This should result in closure of performance gaps.

OMWBE's similar organizations performing certification services are limited to a few non-profits providing certification services for the private sector, the SBA, a few local jurisdictions providing small business programs, and state and local agencies in other states. Of these entities, only the SBA and California from the 14 Western States (Region IX of the U.S. Department of Transportation) have larger federal certification programs (size of directory of certified firms). OMWBE has the largest M/WBE certification program of the 14 Western States and regional non-profits. OMWBE is average with its counterparts for processing time, despite having the highest volume of applications received and the highest ratio of staff to file caseloads. OMWBE has also developed a reputation specifically for its federal DBE certification program concerning staff technical expertise.

The new financial education training OMWBE provides through The Washington Credit Union Foundation provides OMWBE with another resource to assist firms in obtaining the financial acumen necessary to "grow" their business and therefore become more competitive. This program also enables OMWBE to conduct additional program outreach to small businesses that are likely to be eligible for state and/or DBE certification and introduce these businesses to public sector contracting and procurement opportunities. Performance measures for this activity will be developed for the 2005-2007 biennium.



## **STRATEGIC ASSESSMENT**

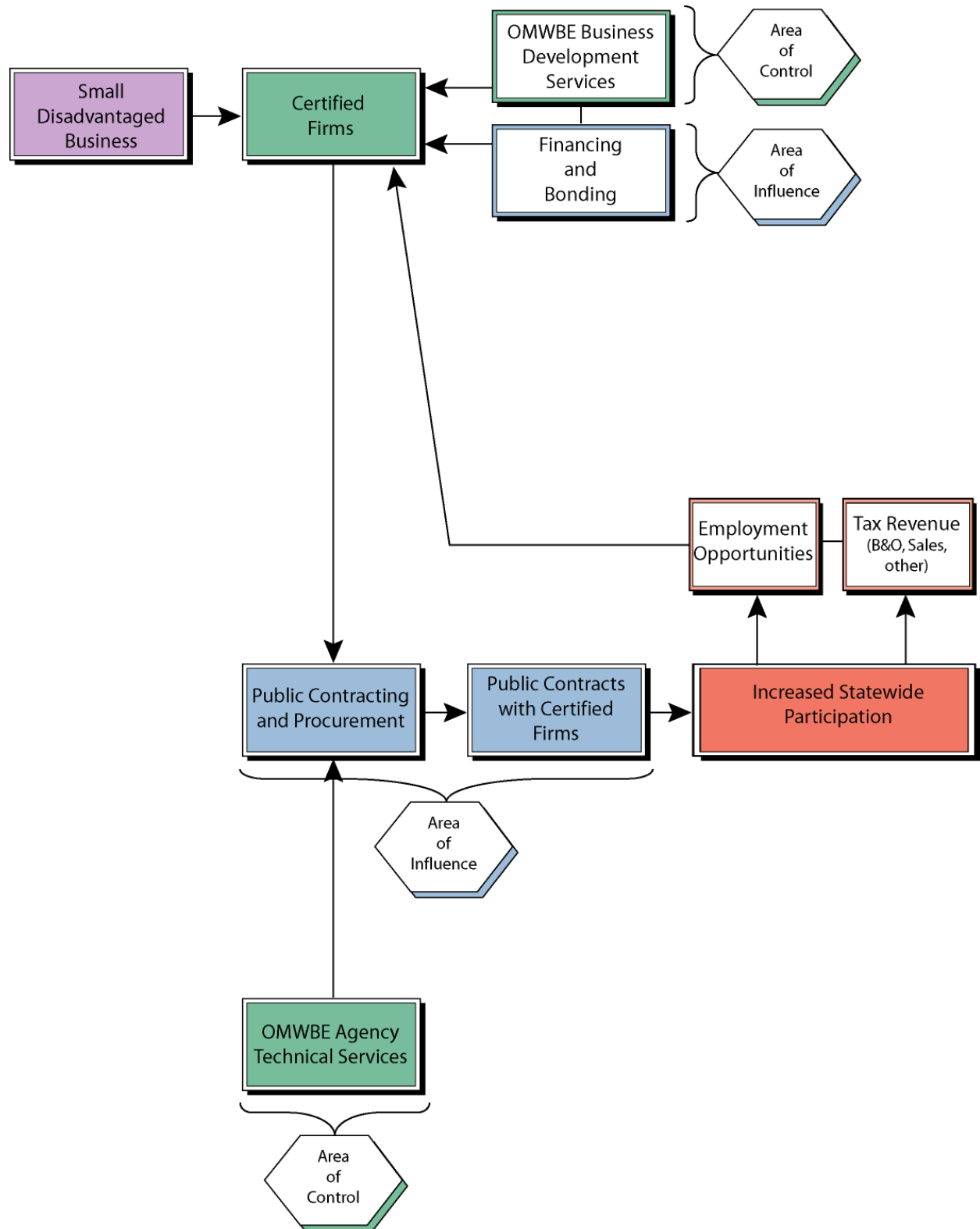
The key problem facing OMWBE continues to be the impact of I-200 and the continued decline of certified firms in public contracting. Many of the States Buyers and Contracting Officers do not believe that a MWBE plan is required or that successful strategies are available to plan and meet laudatory goals. The 2003 plan to disband the OMWBE office further caused the problem to increase.

At the Diversity Business Symposium held in June 2003, Governor Locke directed state agencies to work harder at improving state contracting opportunities for businesses owned by diverse peoples. Over the next six months, the Commissions on African American Affairs, Asian Pacific American Affairs, and Hispanic Affairs, and the Governor's Office of Indian Affairs, and the Office of Minority and Women's Business Enterprises in collaboration with the Departments of General Administration and Community, Trade, and Economic Development began a series of meetings with stakeholders to identify initiatives to increase participation of diverse businesses in public contracting. Fifteen initiatives for Increasing Opportunities for Minority, Native American and Women Owned Businesses were identified. Many of those initiatives are included in the OMWBE Strategic Plan.

The new strategic plan includes initiatives to correct the existing barriers through education and buyer training.

OMWBE has adopted a number of new strategies to provide better services to a larger customer base with fewer staff and financial resources.

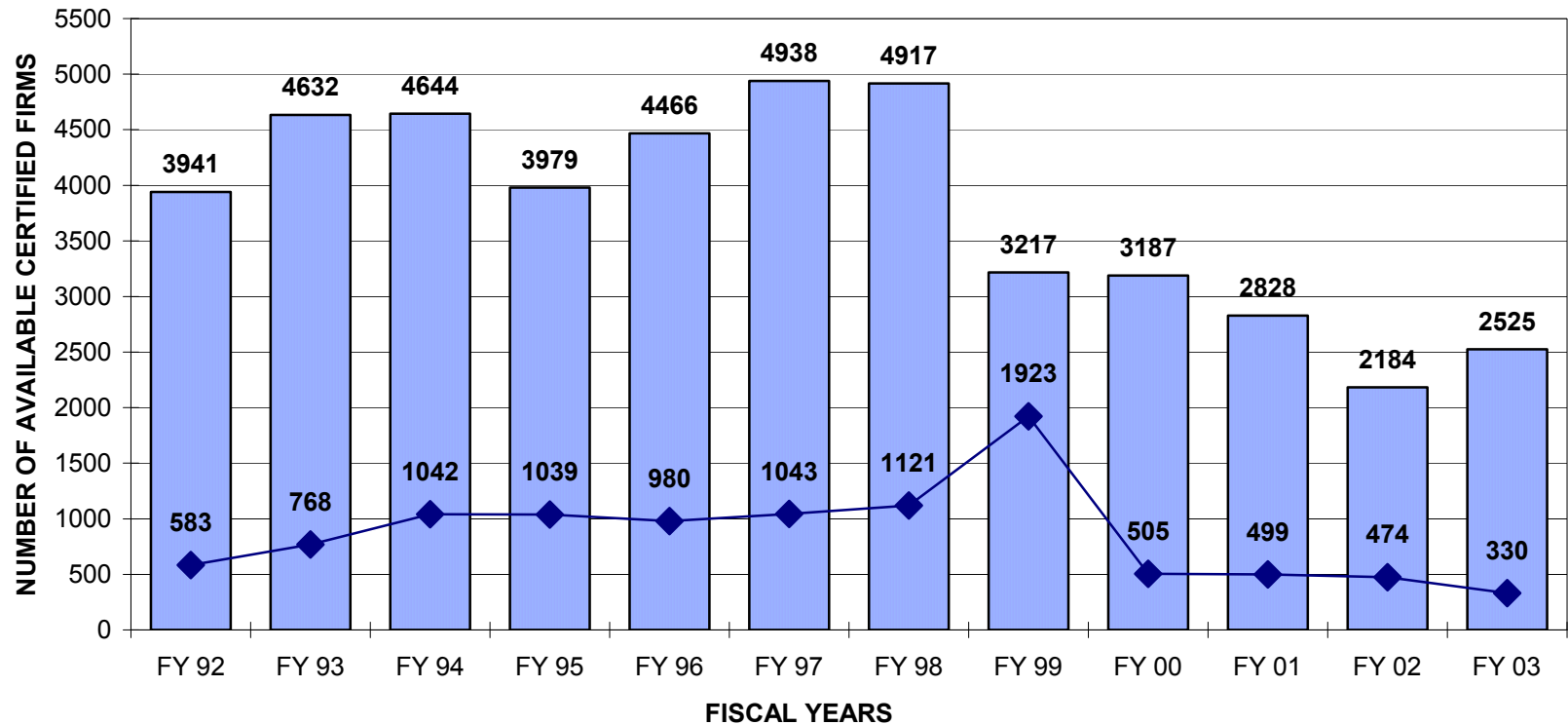
## VALUE CHAIN: OMWBE AREA OF CONCERN



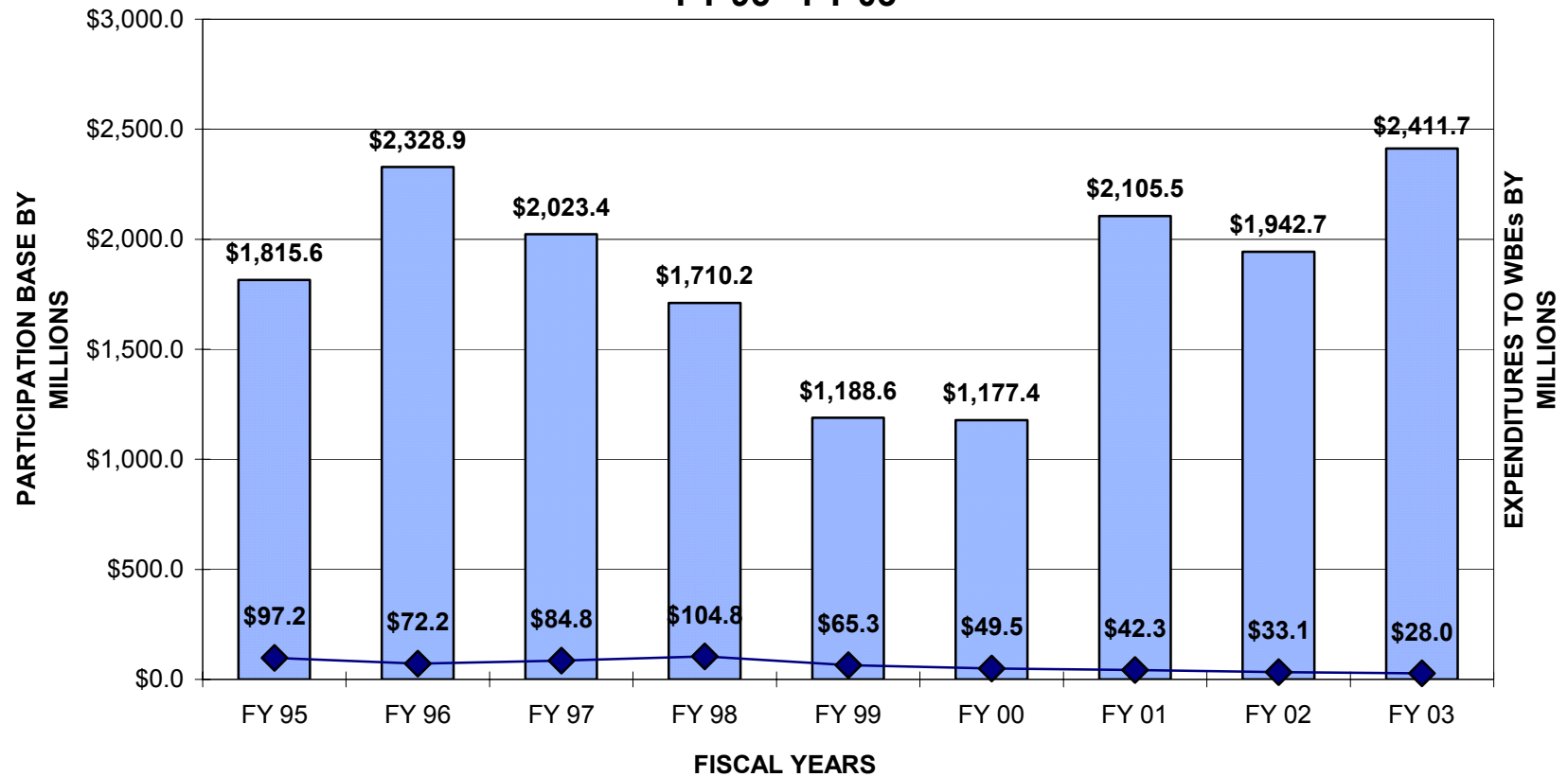
<b>DISTRIBUTION OF CERTIFIED FIRMS BY ETHNICITY/GENDER</b>						
<b>Fiscal Year</b>	<b>African American</b>	<b>Asian Pacific American</b>	<b>Hispanic American</b>	<b>Native American</b>	<b>Caucasian*</b>	<b>Total</b>
<b>1994</b>	711	655	381	279	2615	4641
<b>1995</b>	609	577	331	223	2237	3977
<b>1996</b>	622	623	386	244	2685	4560
<b>1997</b>	771	742	456	284	2685	4938
<b>1998</b>	735	717	438	271	2756	4917
<b>1999</b>	418	503	289	187	1816	3213
<b>2000</b>	399	516	294	186	1792	3187
<b>2001</b>	392	458	250	169	1559	2828
<b>2002</b>	316	389	193	147	1139	2184
<b>2003</b>	363	452	225	172	1313	2525

\*Includes firms owned by non-minority men determined to be socially and economically disadvantaged as well as non-minority women

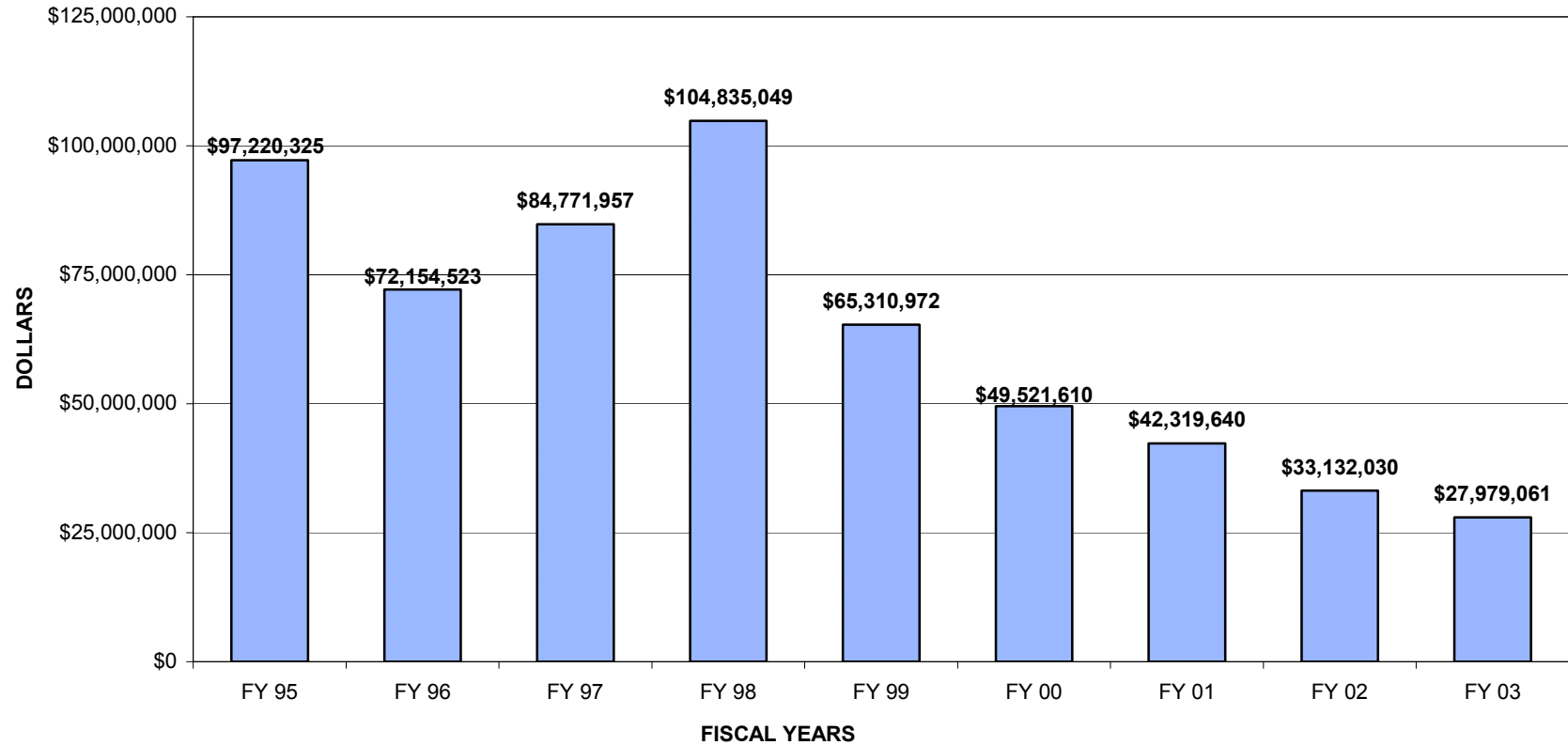
**OMWBE  
CERTIFIED FIRMS DOING BUSINESS WITH THE STATE  
FY 92 - FY 03**



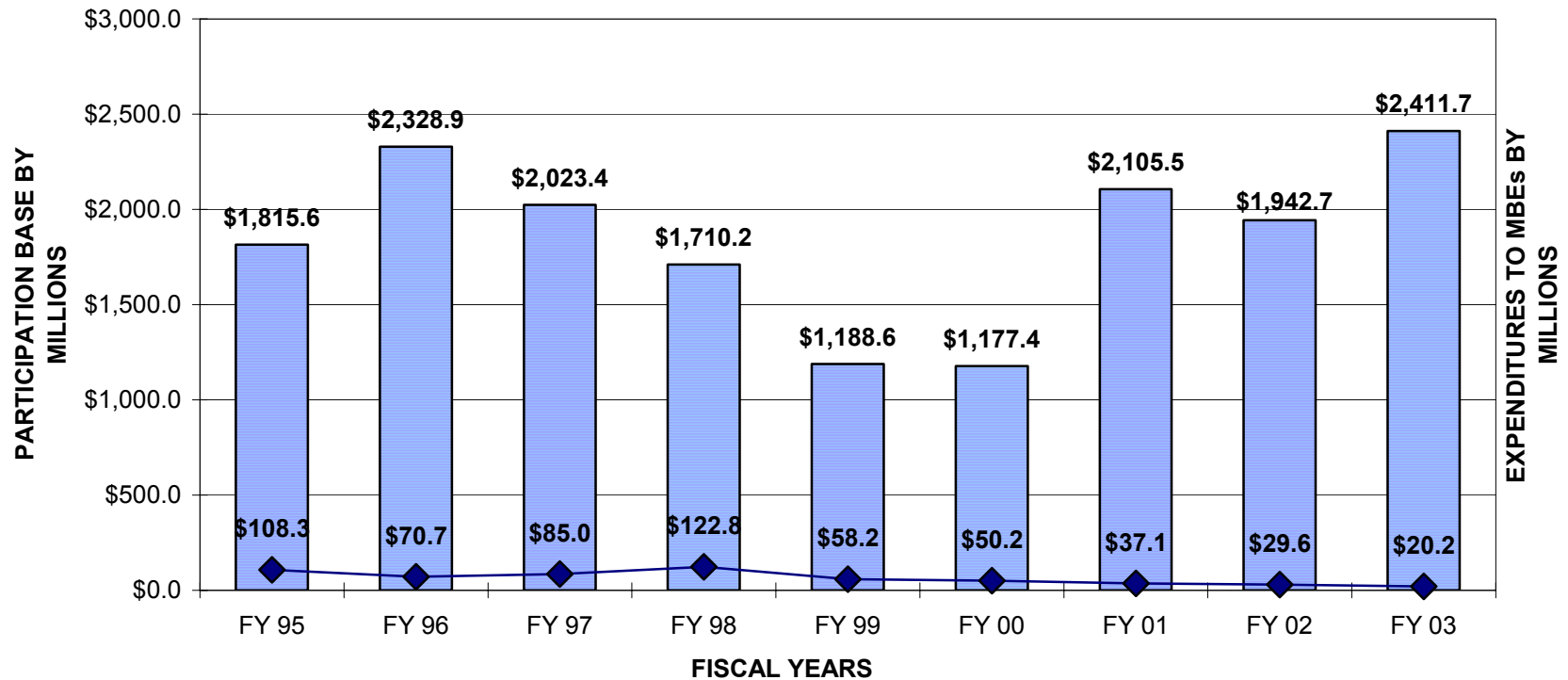
**OMWBE**  
**STATE OF WASHINGTON EXPENDITURES WITH WBEs**  
**(COMPARED TO PARTICIPATION BASE)**  
**FY 95 - FY 03**



**OMWBE  
STATE OF WASHINGTON EXPENDITURES WITH WBEs  
FY 95 - FY 03**



**OMWBE**  
**STATE OF WASHINGTON EXPENDITURES WITH MBEs**  
**(COMPARED TO PARTICIPATION BASE)**  
**FY 95 - FY03**



**OMWBE  
STATE OF WASHINGTON EXPENDITURES WITH MBEs  
FY 95 - FY 03**

